



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2079 (1951)

April 19, 1990

SUBJECT: Debt Set-Aside Farmer Programs Borrower Accounts

TO: State Directors, District Directors, and County
Supervisors

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to explain how write-down under FmHA Instruction 1951-S can be considered for a current borrower who cannot develop a feasible Farm and Home Plan because a debt set-aside account becomes due and payable during the planned crop year. The intended outcome is to provide Farmers Home Administration (FmHA) operating loan assistance and/or subordination to borrowers who have a debt set-aside and cannot meet the requirements of FmHA Instruction 1941-A, Section 1941.14 because they are not delinquent and also cannot develop a feasible plan of operation as defined in Section 1941.4 of FmHA Instruction 1941-A and Section 1980.106(b)(17) of FmHA Instruction 1980-B, unless primary loan servicing, including write-down, is considered.

COMPARISON WITH PREVIOUS AN:

No previous AN has been written on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Farmer Programs borrowers who have debt set-asides and cannot meet the loan requirements of FmHA Instruction 1941-A, Section 1941.14 because they are not delinquent and also cannot meet the loan requirements of FmHA Instructions 1941-A or 1980-B because a feasible plan of operation cannot be developed, can be considered for primary loan servicing, including write-down, if they apply for loan assistance and agree to stipulate that their repayment schedule is modified by the attachment to this AN.

EXPIRATION DATE: March 1, 1991

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1951-S



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

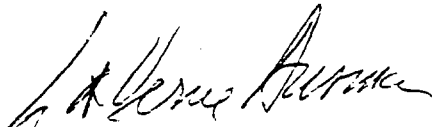
If you have a borrower who requests loan assistance but does not qualify because of the circumstances described above, they may be considered for primary loan servicing, including write-down, if such action will enable the borrower to qualify for additional loan assistance. If the County Supervisor determines that the use of the Primary Service Programs will assist the borrower in being able to develop a feasible plan, the County Supervisor will give the borrower Attachment 1 only of Exhibit A of 1951-S along with all of the forms listed in paragraph VI. The borrower will complete and return the forms to the County Supervisor to make an application. Neither the time limits nor the other attachments to Exhibit A of FmHA Instruction 1951-S will be used for borrowers who are not at least 180 days delinquent. The DALR\$ Program should be run to show the debt set-aside cancelled. If the borrower qualifies for the new loan after considering debt restructure, the attachment to this FmHA AN, "Amendment To Agreement For Special Set-Aside Of A Portion Of A Farmer Program Loan," must be executed by an FmHA authorized representative and the borrower at the time of loan closing. If the write-down does not result in a feasible plan the borrower is not offered Mediation, this will be offered if the borrower becomes 180 days delinquent, and only after the borrower is sent Attachments 1 and 2 of Exhibit A or Attachments 1, 3 and 4 of Exhibit A.

The Finance Office must be properly notified with Form FmHA 1951-6, "Borrower Account Descriptive Flag," when necessary to discontinue the debt set-aside agreement and submit, per the Automated Data Processing System, Volume 1, Field Office System Operating Instructions.

You should enter the data into the SENT Program at the time of loan closing to record the servicing activity authorized. Instructions for the SENT Program are as follows:

"Initialize borrower into current borrower category. The first activity code will be CCS001 (Provide Exhibit A, Attachments 1 and 2). Access supporting activity and enter: 'Borrower is not 180 days delinquent, therefore, only Attachment 1 of Exhibit A was mailed.' Then select OTHER as the outcome and enter CSP001 (Process Approval of Servicing Actions). It is imperative that the data collection screen be completed at this activity."

If the State Office has any questions, they should contact Thomas Baden, Farmer Programs Loan Servicing Division, at FTS 475-4008.



LA VERNE AUSMAN
Administrator

Attachment

Sent by Time Delay Option to States at 3:00pm on 4/20/90; to Districts at 9:00am on 4/23/90; and Counties at 11:00am on 4/23/90 by ASD.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

AMENDMENT TO AGREEMENT FOR
SPECIAL SET-ASIDE OF A PORTION OF A
FARMER PROGRAM LOAN

This Amendment is agreed to between _____ (the
"borrower") and Farmers Home Administration ("FmHA") to change
the terms of the Agreement for Special Set-aside entered into
between the borrower and FmHA on _____
(date of original set-aside)

1. Borrower and FmHA agree that, for the purpose of considering
the borrower for primary loan servicing, including a write-down,
under Subpart S of Part 1951 of FmHA's regulations, the
borrower's indebtedness referred to in the Agreement for Special
Set-aside shall be considered as being immediately due.

2. This agreement shall be effective only for the purpose of
permitting the consideration of the borrower for primary loan
servicing including possible write-down.

Dated: _____

for Farmers Home Administration

Borrower